Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

January 4, 2007

Dear Commissioners:

Briefing materials for the **Thursday, January 11, 2007** Commission meeting are enclosed. You will find the minutes of the November meeting posted on ORDC's website at www.dot.state.oh.us/ohiorail.

The meeting will be held in the Vern Riffe Center, 31st floor, South B&C, beginning at 10:00 a.m.

If you haven't already done so, please contact Wende Jourdan to confirm your attendance. You may reach her at 614/728-9497 (telephone) or at wende.jourdan@dot.state.oh.us. We look forward to seeing you at the meeting.

Sincerely,

James E. Betts
Chair

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION
MEETING AGENDA

Thursday, January 11, 2007 @ 10:00 a.m.
Vern Riffe Center, 77 South High Street, 31st Floor
Columbus, Ohio

CALL TO ORDER – James E. Betts, Chairman

- Welcome
- Roll Call
- Approval of Minutes from November Meeting

EXECUTIVE SESSION for consideration of permanent Executive Director – Jim Betts

EXECUTIVE DIRECTOR / FINANCE REPORT – Matt Dietrich

PRESENTATION – ALL ABOARD OHIO – Bill Hutchison

PROJECTS FOR APPROVAL

- Resolution 07-01: Ohio Department of Development Grant for the Ohio Central Mt. Vernon Line Grade Crossings – Matt Dietrich
- Resolution 07-02: Assignment of the Columbiana County Port Authority Loan to Eastern States Railroad – Matt Dietrich
- Resolution 07-03: West Central Ohio Port Authority Bridge Replacement – Lou Jannazo

APPROVED PROJECT BRIEFINGS

- Cleveland Commercial Railroad – Lou Jannazo

OLD BUSINESS

NEW BUSINESS

PUBLIC COMMENT

MEMORANDUM
January 11, 2007

TO: ORDC Commissioners

FROM: Matthew Dietrich

SUBJECT: Executive Director / Finance Report

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since November 9, 2006.

Safety

- Staff has been working with local officials, ODOT District 2, Federal Highway Administration and Norfolk Southern for the safety upgrade of a crossing on State Route 2 near Camp Perry in Ottawa County. As a result of this collaboration, ODOT District 2 successfully completed a project to install overhead lights to improve visibility at this crossing while the larger rail-highway grade crossing safety project is in process. This project has been especially complex because of the geometry of the crossing, its proxcity to other roads and the traffic volume on the highway. ODOT District 2 is currently working with Norfolk Southern engineering to determine if excess highway right of way can be used for the placement of lights and gates. ODOT District 2 should be commended in its work A very productive meeting was held on November 17, 2006 in which ODOT District 2 agreed to provide , and ODOT District
- Staff has met with ODOT Traffic Engineering with regard to the Buckeye Crossbuck Assembly to be mandated in the 2008 MUTCD.
- Staff also met with ODOT Traffic Engineering to discuss the to development a state policy for highway rail traffic signal interconnects .

Freight

- Included at the end of the Commission Packet is a report by Transportation Economics and Management Systems, Inc. (TEMS) commissioned by Executive Director Seney prior to his retirement. The report details some of the broader economic realities that the railroads facing in serving Ohio with intermodal transportation. It also offers strategies for how to improve intermodal service in Ohio.
- CSX Intermodal Yard Update: While the TRAC did not approve the CSX Parsons Yard for funding in this 2007 round, ODOT and FHWA have assigned staff to this project to continue to refine the project and move it forward. CSX officials understand that any possible TRAC funding would be longer term and only applicable to specific project elements.
- ORDC hosted a meeting for representatives of the Governmental Accountability Office. The GAO is currently studying public investment in rail infrastructure and requested a meeting with ORDC to discuss rail infrastructure needs, the current Rail Bottleneck

Study, the Rickenbacker Intermodal project, rail bridges and existing programs. Norfolk Southern and the Columbus Airport Authority also participated in the discussions.

- ORDC attended the Ohio Railroad Association quarterly meeting to discuss the Rail Bottleneck Study and ORDC's proposed FY 2008-2009 budget.

Passenger

- Staff attended the Midwest Interstate Passenger Commission meeting in St. Louis as Ohio's representative. The MIPRC agenda includes support of SB 1516 (the Lott/Lautenberg bill) and support of the Illinois' efforts in expanding rail service to add five trains in the Chicago-St. Louis Corridor.
- Staff is also participating as advisors for the Columbus Chapter of the American Institute of Architects planned design competition focusing on developing potential sites for intermodal passenger transportation centers in Columbus. The AIA announced this competition at ORDC's July workshop. The actual competition is in March with the results to be announced at the AIA National Convention to be held in Columbus later this year.
- The revised draft Ohio Hub report to include the additional routes is to be delivered to staff this month. Additionally staff is working on finalizing both the TEMS and GEM economic impact studies.
- The Midwest Rail effort has just received the preliminary draft Programmatic Environmental Impact Statement scope of work which is now being circulated for comment among the member states. The draft EIS scope of work is to be delivered in February. This work, being performed by HNTB, is being funded in part by the ORDC grant provided to the State of Wisconsin for $31,250. This grant represents ORDC's three year commitment to the Midwest Regional Rail Initiative, the 9-state group formed in 1996. FRA and Amtrak are also participants.

Finance and Administration

- Staff has finalized Honda Marysville documents for the transfer of the ownership of the rail yard and release of the easement. This is the project that was approved by the Commission at the July 20, 2006 meeting.
- RRIF Loan Update: The Federal Railroad Administration is currently selecting a financial advisor to review the financial elements of the ORDC application. Additionally, staff is finalizing the environmental documents to accompany the application.
- Loans in process: Shenandoah Valley Reality, Indiana & Eastern Railroad, Warrenton River Terminal, Farmers Ethanol, Medina County, Wheeling & Lake Erie – Benwood Bridge.
- Grants in process: Cleveland Commercial Railroad, Crane Plastics, Samuel Manu-Tech, Coshocton Ethanol, City of Lima, Ohio Central – Mt. Vernon Line, Farmers Ethanol, Warrenton River Terminal, Butler County Port Authority, City of Medina, Ohio Central – Grand River Lease, Norfolk Southern, Ohio Central – McCluney Trestle, US Rail, WESTCO, Wheeling & Lake Erie – Benwood Bridge, Whirlpool, Ohio Central – Mahoning Bridge, Shenandoah Valley Reality.
- Active Personal Service Contracts: Seasongood Mayer, Capital Partnerships, Engage

Public Affairs, R/W Specialists, Rea, Cross & Auchincloss, Roetzel & Andress, Transportation Economics and Management.

- Financial Statements prepared for January 2007.
- Excluding payroll, from July 1, 2006 to December 30, 2006, ORDC has collected a total of $407,171.42 and has expended $209,209.12.

OHIO RAIL DEVELOPMENT COMMISSION: January 11, 2007 Finance Report

GENERAL REVENUE FUND (GRF) APPROPRIATION AUTHORITY
January 2007 - Fiscal Year 2007

GRF APPROPRIATION AVAILABLE FOR PROJECTS AND PERSONAL SERVICE CONTRACTS			
GRF APPROPRIATION FOR PROJECTS			**1,700,000**
LESS: PROJECTS ENCUMBERED	166,510		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED	86,510		
City of Lima - Greater Ohio Ethanol	200,000		
Coshocton Ethanol, LLC	250,000		
Farmers Ethanol	200,000		
Ohio Central - Mt. Vernon Tie Replacement	200,000		
TOTAL	*1,103,020*	*-1,103,020*	
PROPOSED GRF COMMITMENTS FOR FY 2007			
Cleveland Commercial Railroad	55,000		
West Central Ohio Port Authority	150,000		
TOTAL	*205,000*	*-205,000*	
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***391,980***	
GRF APPROPRIATION FOR PERSONAL SERVICE CONTRACTS			**75,000**
GRF COMMITMENTS FOR FY 2007 TO DATE	85,653		
TOTAL	*85,653*	*-85,653*	
BALANCE OF GRF APPROPRIATION FOR PERSONAL SERVICE CONTRACTS		***-10,653***	
RAIL TRANSLOAD FUNDS AVAILABLE FOR FY 2007		**200,000**	
BALANCE OF TRANSLOAD FUNDS FOR PROJECTS		*200,000*	
FUND 3B9 (FEDERAL) AVAILABLE FOR FY 2007		**4**	
RAIL FUND 4N4 - REVOLVING LOAN FUND			**5,697,783**
LESS: OPEN ENCUMBRANCES	825,000		
LESS: PANHANDLE RESERVE FUND	764,400		
TOTAL	*1,589,400*		*-1,589,400*
FISCAL YEAR 2007 APPROPRIATION		**2,111,500**	
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgeted)	132,218		
LESS: OPEN ENCUMBRANCES FY 2007	0		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
Warrenton River Terminal	200,000		
Indiana & Eastern Railroad	500,000		
Medina County	81,375		
Farmers Ethanol	500,000		
TOTAL	*1,413,593*	*-1,413,593*	*-1,413,593*
Proposed 4N4 Commitments for FY 2007			
West Central Ohio Port Auhority	513,000		
TOTAL	*513,000*	*-513,000*	*-513,000*
APPROPRIATION BALANCE OF FUND 4N4 AVAILABLE FOR PROJECTS		***184,907***	
BALANCE OF FUND 4N4 AVAILABLEW/ CONTROLLING BOARD APPROVAL			***2,181,790***
TOTAL ORDC FUNDS AVAILABLE FOR PROJECTS - FY 2007		**651,891**	

OHIO RAIL DEVELOPMENT COMMISSION
APPROPRIATION LEDGER
For Month Ending December 31, 2006

FUND	SAC	FEDERAL STATE/OTHER	ORIGINAL APPROPRIATION	TRANSFERS	UNASSIGNED	ADJUSTED APPROPRIATION	OPEN ENCUMBRANCES	TOTAL DISBURSED	UNENCUMBERED BALANCE	PERCENT UNOBLIGATED	SAC DEFINITION
GRF	4FA5	STATE	850,000.00	0.00	0.00	850,000.00	56,510.00	0.00	793,490.00	93.35%	GRANT (Community/Railroad) - SUBSIDY
GRF	4FA7	STATE	850,000.00	0.00	0.00	850,000.00	110,000.00	0.00	740,000.00	87.06%	GRANT (Private Industry) - CAPITAL
GRF	4651	STATE	761,782.00	0.00	0.00	761,782.00	45,733.68	320,548.71	395,499.61	51.92%	PAYROLL / PERSONAL SERVICE
GRF	4652	STATE	235,718.00	0.00	0.00	235,718.00	42,828.00	158,702.49	34,187.51	14.50%	OFFICE EXPENSE
GRF	4653	STATE	2,500.00	0.00	0.00	2,500.00	0.00	388.56	2,111.44	84.46%	OFFICE EQUIPMENT
GRF	4665	STATE	789,600.00	0.00	0.00	789,600.00	232,900.00	92,000.00	464,700.00	58.85%	ODOT GRADE SEPARATION
	FUND TOTAL		**3,489,600.00**	**0.00**	**0.00**	**3,489,600.00**	**487,971.68**	**571,639.76**	**2,429,988.56**	**69.64%**	**FUND TOTAL - GRF**
002	4FN7	FEDERAL	1,515,375.00	3,837,924.28	0.00	5,353,299.28	166,899.82	145,829.46	5,040,570.00	94.16%	GRADE CROSSING PAVEMENT
002	4FP1	FEDERAL	484,625.00	17,000.00	0.00	501,625.00	0.00	250,331.11	251,293.89	50.10%	GRADE CROSSING SAFETY'S PAYROLL
002	4FP7	FEDERAL	11,000,000.00	5,851,309.97	0.00	16,851,309.97	6,130,331.39	576,469.89	10,144,508.69	60.20%	GRADE CROSSING DEVICES
	FUND TOTAL		**13,000,000.00**	**9,706,234.25**	**0.00**	**22,706,234.25**	**6,297,231.21**	**972,630.46**	**15,436,372.58**	**67.98%**	**FUND TOTAL - 002**
3B9	8FB5	FEDERAL	10,000.00	0.00	0.00	10,000.00	0.00	0.00	10,000.00	100.00%	FEDERAL RAIL - SUBSIDY
	FUND TOTAL		**10,000.00**	**0.00**	**0.00**	**10,000.00**	**0.00**	**0.00**	**10,000.00**	**100.00%**	**FUND TOTAL - 3B9**
4N4	6FC9	LOCAL	1,972,782.00	0.00	0.00	1,972,782.00	0.00	6,556.25	1,966,225.75	99.67%	RAIL TRAN - LOANS
4N4	6FD9	STATE	764,400.00	0.00	0.00	764,400.00	0.00	0.00	764,400.00	100.00%	PANHANDLE LEASE PAYMENT
4N4	6111	LOCAL	132,218.00	0.00	0.00	132,218.00	0.00	84,251.62	47,966.38	36.28%	PAYROLL(PROPERTY MGNT)
4N4	6112	LOCAL	6,500.00	0.00	0.00	6,500.00	0.00	2,170.00	4,330.00	66.62%	OHIO HUB WORKSHOP
	FUND TOTAL		**2,875,900.00**	**0.00**	**0.00**	**2,875,900.00**	**0.00**	**92,977.87**	**2,782,922.13**	**96.77%**	**TOTAL - OTHER ASSISTANCE**
	GRAND TOTAL		**19,375,500.00**	**9,706,234.25**	**0.00**	**29,081,734.25**	**6,785,202.89**	**1,637,248.09**	**20,659,283.27**	**71.04%**	

ORDC - Loan Payback (Active Loans)
January 2, 2007

	Loans	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Application, Loan, Interest & Admin. Fees	Total Payments
FY01 Walton Agri-Service **	$460,551	$6,863						*$46,174*	*$506,725*
FY01 BG Foundation **	$115,000	$1,698						*$12,640*	*$127,640*
FY01 Graves Lumber **	$26,000	$951						*$4,110*	*$30,110*
FY02 W&LE (Nickles Bakery) **	$265,500	$28,234						*$27,254*	*$292,754*
FY02 City of Jackson (Warehouse)**	$143,599	$15,660						*$16,989*	*$160,588*
FY02 City of Jackson (Rehab)**	$123,501	$17,469						*$21,719*	*$145,220*
FY03 Cloverleaf Cold Storage *	$328,000	$68,245	$33,662					*$14,900*	*$342,900*
FY03 Portage Cty Solid Wst Mgmt. *	$80,000	$16,206	$16,495	$16,495	$16,495	$9,622		*$3,279*	*$83,279*
FY04 Ann Arbor Railroad *	$768,736	$162,274	$162,274	$81,137				*$42,295*	*$811,031*
FY04 Columbiana County Port Authority *	$2,048,047	$170,671	$418,172	$426,736	$430,072	$433,408	$216,704	*$69,216*	*$2,117,263*
FY04 W&LE (Valley Line)*	$400,000	$10,680	$10,680	$408,900				*$57,277*	*$457,277*
FY04 Maumee & Western *	$199,088	$28,191	$29,392	$29,502	$29,502	$29,502	$17,209	*$8,460*	*$207,548*
FY05 Seneca-Sandusky-Tiffin Port Auth*	$290,000	$60,681	$61,217	$61,217	$61,217	$10,203		*$16,267*	*$306,267*
FY05 Ashland RW (Mansfield Yard Rehab)*	$500,000	$106,935	$106,935	$106,935	$106,935	$8,911		*$41,285*	*$541,285*
FY05 I&O (Fulton County Processing, Ltd)*	$242,335	$52,681	$52,681	$52,681	$52,681	$8,780		*$24,266*	*$266,601*
FY06 Portage County Rail Line (Smurfit Stone)*	$20,000	$4,348	$4,348	$4,348	$4,348	$2,174		*$2,489*	*$22,489*
FY06 Cleveland Commercial Railroad*	$16,421	$3,405	$3,574	$3,574	$3,574	$2,085		*$1,979*	*$18,400*
FY06 Shenandoah Valley Realty ***	$650,000	$97,500	$140,978	$144,637	$144,637	$144,637	$36,159	*$65,550*	*$715,550*
	$6,676,778	**$852,690**	**$1,040,408**	**$1,336,161**	**$849,460**	**$649,322**	**$270,073**	*$476,148*	*$7,152,926*

Loan Amount Received to Date: **$370,086**
Loan Balance Due: **$385,103**

* Loans Closed (Active)
** Loans Paid Off
***Loans in Process

ACCOMPLISHMENTS REPORT
PLANNING, PROJECT DEVELOPMENT, AND TRACK INSPECTION
October 31 to December 29, 2006

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

TRACK INSPECTION

- Hi-rail inspection of the Youngstown & Southeastern (formerly the Ohio & Pennsylvania) operations on the Columbiana County Port Authority owned Y&S line.
- Final inspection of tie work done on Camp Chase Railroad.

ADMINISTRATIVE

- Helped prepare agendas and briefing packets for January 11, 2007 meeting.
- Developed grant agreements for projects approved at November meeting.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work.
- Did OEPA and Ohio Taxation background checks on November grant recipients.
- Continued revising tracking system for contract extensions and tax/environmental compliance.

TRAINING

- Don Damron attended Time Management training class.
- Bev Lee and Don Damron attended Microsoft Word training class.
- Don Damron attended RailVolution national conference to keep up on passenger rail issues.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Continued work and investigations into various ongoing spur project proposals including National Lime in Yorkville and Spartech in Greenville. Wrote commitment to National for project.
- Began investigations into new spur projects including Appleton Papers in West Carrollton, Unique Stone in Cleveland, and others.
- Continued coordinating with CSX and local officials on planned CSX "Swap Yard/Intermodal Terminal in northwest Ohio; wrote ORDC revised Commitment Letter for the project to better meet CSX' needs.
- Continued pursuing new project investigations for various transload projects including various transload ideas in Hamden (US Rail) and a coal transload in Wellsville (Buckeye Industrial Mining).
- Developed the WESTCO Sugar Creek Bridge and Cleveland Commercial emergency track repair projects for the January Commission Meeting.
- Investigating potential Rehabilitation Program project for the RJ Corman Dover Line.
- Developed application to Ohio Department of Development for 629 Roadwork Development funds to be used on the Ohio Central Mt. Vernon to Newark rail line. (ODOD approved $1.7 million for crossing improvements.)
- Working with Harrison County on land acquisition issue for Harrison Ethanol project. (ORDC is 50% owner of property Harrison Ethanol needs for staging on site rail. W&LE is the owner of the

other 50%. W&LE is a willing seller. Harrison County is willing to put up the funds for the purchase but requested that ORDC take ownership so that ORDC is 100% owner of property. Public ownership will facilitate public funding for on site rail infrastructure for Harrison Ethanol.)

- Working with Marion Intermodal Center on an expansion of its Schnieder Trucking container and trailer intermodal facility which just opened in June, 2006.

PASSENGER PLANNING

Ohio Hub

- Investigated costs as well as advantages and disadvantages of developing Preliminary Environmental Impact Statements (PEIS) or full blown Environmental Impact Statements (EIS) for various Ohio Hub alternatives, e.g. a PEIS on the entire system vrs. an EIS for the 3C.
- Continued coordination with consultants working on the Economic Impacts study of the Ohio Hub; helped to set up and participated in meetings with local development officials in Columbus.
- Continued work and coordination with other states and railroads on Ohio Hub Study.
- Continued work on the feasibility study for the Chicago - Ft. Wayne - Lima - Columbus – Pittsburgh/Detroit – Toledo – Columbus High Speed Rail corridors. Conducted progress report meeting with consultant team.
- Continued with various meetings and presentations on Ohio Hub plan.

Other Passenger Initiative

- Continued coordination with the MWRRI study effort.
- Attended meetings (RailVolution) or otherwise kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.
- Attended meetings on new effort to get commuter rail or light rail going between Lorain and Cleveland.
- Don Damron is part of MWRRI team working on the Scope of Work for a PEIS for the Midwest Regional Rail network.

OTHER PLANNING INITIATIVES

- Continued coordinating with ODOT on a new "Freight Railroad Bottleneck Study".
- Continued monitoring "Clean Diesel" issues as they might relate to Ohio railroads obtaining Congestion Mitigation & Air Quality (CMAQ) funding for a variety of clean diesel devices.
- Reviewed the TEMS report on the potential for Ohio to develop a "Four Corners" strategy for developing new intermodal terminals in key locations in Ohio to make Ohio a distribution/warehousing powerhouse.
- Helped organize and participated in meetings requested by the Government Accounting Office to discuss Rickenbacker, the Heartland Corridor, the Ohio Bottleneck Study, and other topics for a future GAO report on how the federal government can foster public-private partnerships for rail.
- Provided final comments for National Cooperative Highway Research Program study on Railbanking. Lou Jannazo was one of eight panelists from railroads, state governments, and federal agencies overseeing the study.
- Helped Governor Strickland Transition Team with white papers on freight and passenger rail issues.

MISCELLANEOUS

- Continued investigations and coordination for a two mile NS exempt abandonment in Sheffield (Lorain County). Lorain County wants to buy the right-of-way for various purposes but NS rescinded its Notice of Abandonment. ORDC supporting local efforts to buy property for possible future rail uses.
- Developing lease arrangements (in conjunction with Alan Klodell) with Wilson Implements to lease it a small parcel of Glass Rock Branch next to its implement business so that Wilson can tear down an old wooden building that is a fire hazard and use the ground for storing equipment.

SAFETY

- Helped Safety Section with work on Ohio Central Mt.Vernon to Newark to evaluate crossing closures and obtain crossing surface repair funds.

WPDOCS/AccomplishmentsCommission

OHIO RAIL DEVELOPMENT COMMISSION
INTER-OFFICE COMMUNICATION

TO: **Matthew Dietrich, Acting Executive Director**

FROM: **Susan J. Kirkland, Manager, Grade Crossing Safety Section**

SUBJECT: **Safety Section Progress Report**

DATE: **January 4, 2007**

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The following major objectives were met by the Safety Section during the last several months:

- Significant time was invested in creating a new diagnostic form for ORDC and PUCO. The new form will capture more information and detail.
- The ORDC authorized the PUCO to select 20 crossings by hazard index for fiscal year 2007. Diagnostics were completed in December, 2006. 16 crossings were identified to be upgraded. Funds will be encumbered when letter agreements are enacted.
- Ohio's first 4-quadrant gate installation is under construction in the Village of Loveland in Clermont County. The crossing is SR 48 on the Indiana and Ohio Railroad. The warning device should be cut into service the later part of January.
- Negotiations were successful for the closure of two (2) crossings in the Village of Rawson in Hancock County. The community will receive lights and gates at their two remaining crossings.
- The first segment of the Norfolk Southern Corridor from Columbus to Cincinnati is finalized. The agreement has been executed. Eighteen crossings will be addressed in the City of Springfield. Five (5) of the eighteen crossings will be eliminated by roadway closure and thirteen crossings will receive either standard flashing lights and roadway gates or four quadrant gate installations.
- Meetings have taken place between the ODOT Office of Traffic Engineering and the ORDC concerning two common issues: the application of yield or stop signs to the crossbuck and the development of a standard practice for highway traffic signals that are interconnected with railroad warning devices. Both issues will be pursued in 2007.
- Safety Section staff has meet with three (3) communities on the Ohio Central Mt. Vernon Line and is in negotiations for several closures on the line.

PROJECT BRIEFING
OHIO DEPARTMENT OF DEVELOPMENT GRADE CROSSING IMPROVEMENT GRANT FOR THE OHIO CENTRAL MT. VERNON LINE

January 11, 2007

Project Costs		**Project Benefits**
*** ODOD Grant for Crossing**	**$1,700,000**	*** Improves Rail-Highway Crossing Surfaces**
*** OC Matching Rehab. Work**	**$250,000**	*** Helps Rail-Dependent Shippers Employing 200**

INTRODUCTION

The Ohio Department of Development (ODOD) has provided a $1.7 million grant from its Roadwork Development (629) Account for rail-highway grade crossing improvements on the CSX-owned, Ohio Central-leased Mt. Vernon Line. Because of the requirements of the ODOD grant program, the funds must go to a public entity. Approval of Resolution 07-01 will allow ORDC to accept these grant funds which have already received State Controlling Board approval.

BACKGROUND

Line Description: The OCRR leases the Newark to Mt. Vernon Line from CSX. It took over operations on this line in October, 2004 in conjunction with its lease of the CSX line from Newark to Cambridge, and its acquisition of the 50% share which CSX had owned in the Columbus to Newark line. While the Mt. Vernon line itself connects only to the OCRR yard, the Ohio Central System allows traffic coming to or from the Mt. Vernon line to be handled through a variety of OCRR interchanges with Norfolk Southern, CSX, RJ Corman, and the Wheeling & Lake Erie Railway.

The Mt. Vernon line is 25.9 miles long, with MP 0.0 at the OCRR Newark Yard and MP 25.9 at the end of the line in Mt. Vernon. The rail on the line is almost entirely 100 lb. and was installed in the late 1920s and late 1940s. About 5 miles of the rail is welded. The rails are in safe and acceptable condition as are the bridges. The last major tie program on the Mt. Vernon Line occurred in 1982 so the tie condition is very poor. The line has 44 public at-grade crossings, most of which need to be upgraded due to both track and road conditions. Because the line parallels State Route 13 for a long distance, there are 31 private crossings, many of which are driveways into homes, businesses, and new developments. Many private crossings also need to be upgraded for both track and road conditions. Overall, the track is in "excepted" condition with train speeds below 10 MPH.

Operations: The current rail users are Weyerhaeuser (paper rolls, pulp) which is located about MP 23 in Mt.Vernon, and Central Ohio Farmers (grain and fertilizer) located at about MP 25, also in Mt. Vernon. The line currently generates about 1,800 carloads of freight a year. OCRR serves Mt. Vernon three times weekly.

Viability: Currently, OCRR operations over the Mt. Vernon line are at about break even, with OCRR showing a small loss for 2005. There is, however, very good upside potential on the line. The current customers have plans to increase rail traffic several hundred cars a year if good rail service can be provided by OCRR. Further, the line serves a developed industrial park, as well as several other industrial sites, in Mt. Vernon. Local economic development officials are working on locating two new rail-dependent companies in Mt. Vernon and on building a rail spur into a company already along the line but not currently using rail.

PROJECT DESCRIPTION

ODOD has provided up to $1,700,000 in Roadwork Development (629) Account funds for the rehabilitation of all of the public grade crossings (44 in total) on the rail line.

Exhibit 'A' lists all 44 public crossings along the line and an estimate for the repair of the crossing surface. Included are two costs for each crossing, one assuming 'high type' crossing surface, generally concrete, rubber or full depth timber surface, or a 'low' or 'standard type' surface which is asphalt with wooden or rubber rail flanges. As a point of clarification, ORDC administered federal rail grade crossing safety funds are precluded from funding anything but 'high type' surfaces.

Because of the unique nature of this project, ORDC and ODOD are still working out all of the details of the administration and oversight of these funds. Currently, ORDC plans on administering this project following the same procedures it uses for its own grade crossing safety projects using ORDC's safety section for project oversight. ORDC is still investigating its flexibility in construction oversight. For example, can ORDC specify the use of high type surfaces for heavily traveled crossings in lieu of upgrading low volume crossings with currently acceptable conditions? ORDC safety staff is also investigating possible crossing closure candidates as part of this project.

WHY ORDC FUNDING IS NEEDED

There will be no expenditure of ORDC funds other than staff time necessary to oversee the construction of the crossings and administration of the funds.

PROJECT BENEFITS

The overall project benefits of this project remain unchanged from Resolution 06-15:

- Current rail users employing approximately 200 are dependent on rail for their future viability.
- Current plans for expansion by current rail users, along with probable new rail-dependent businesses locating facilities in Mt. Vernon in the next year, depend on effective OCRR rail service on the Mt. Vernon line.
- The safety of the OCRR operations will be markedly improved because of the new cross tie and switch tie installation.
- In addition to the above benefits, Resolution 07-01 will provide upgraded crossing surfaces providing a safer, smoother roadway for the traveling public and relieve the railroad of this financial responsibility so it can invest its capital into the track infrastructure.

OTHER CONTRIBUTIONS

This assistance compliments the existing project (Resolution 06-15) approved by the Commission at the November 2006 meeting. With Resolution 06-15, ORDC is providing $200,000 in grant funds for ties with the Ohio Central providing an estimated $207,838 for materials, labor, and equipment to perform the project to match. With this additional funding for crossing work provided by ODOD, the Ohio Central has committed an additional $250,000 in track rehabilitation work as matching funds.

SPECIAL CONTINGENCIES

This resolution is the second step toward a comprehensive rehabilitation of the Mt. Vernon line. The full, comprehensive upgrading of the line will require a state-local-railroad-shipper partnership. ORDC staff is leading efforts to assemble such a partnership.

RESOLUTION 07-01

Re: Ohio Central Railroad Mount Vernon Grade Crossing Improvement Grant

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE OHIO CENTRAL RAILROAD UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the acceptance of monies from the Ohio Department of Development ("ODOD") provision of assistance under the Act to the Ohio Central Railroad (the "Company"); and

WHEREAS, ORC Section 4981.14(B)(10) authorizes the ORDC to receive and accept from any [state agency], subject to the approval of the governor, grants for or in aid of the construction, repair, renovation, operation, maintenance, or acquisition of rail service projects, and receive and accept aid or contributions from any source of money, property, labor, or other things of value, to be held, used, and applied only for the purposes for which the grants and contributions are made; and

WHEREAS , the ODOD is proposing to provide a $1.7 million grant from its Roadwork Development Fund for rail-highway grade crossing improvements on the CSX-owned, Ohio Central-leased Mt. Vernon Line to the ORDC to administer as the requisite public recipient of the grant monies;

WHEREAS, the ORDC is authorized by ORC 4981, Sections .14 (9) and (18) to exercise all powers necessary or appropriate to carry out its corporate purposes including the authority to make and enter all agreements necessary to the performance of its duties and the execution of its powers; and

WHEREAS, the ORDC staff has submitted to this ORDC the proposal of ODOD; the request for assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act, and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and has discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the acceptance of grant monies from ODOD and the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the acceptance of grant monies from the ODOD and the assistance proposed to be provided under the Act to the Company to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That this ORDC recommends to the ORDC staff that the acceptance of grant monies from the ODOD and the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto, be approved.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for Gordon Proctor	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Eric Neff for Bruce Johnson	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Other action _____
Motion denied ____ Date 1-11-07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 1-11-07
James E. Betts, Chairman Date

EXHIBIT A

A Grant in an amount of up to One Million Seven Hundred Thousand Dollars ($1,700,000) to the Company pursuant to Section 4981.032 of the Ohio Revised Code for the Project as defined herein (the "ORDC Grant"). The ORDC Grant shall be used to rehabilitate all of the forty four (44) public crossings on the Company's 25.9 mile long Newark to Mt. Vernon rail line in Licking and Knox Counties, Ohio ("Rail Service Project").

The ORDC Grant is subject to the following conditions:

1. The Company shall provide any additional monies in excess of the ORDC Grant required to complete the Rail Service Project.

2. All workers employed on the Rail Service Project shall be paid prevailing wages by the Company.

3. The Company shall provide the ORDC with access to, and a right to inspect, all real and personal property constituting the Rail Service Project.

PROJECT BRIEFING
REVISION IN THE LOAN TERMS AND ASSIGNMENT OF THE COLUMBIANA COUNTY PORT AUTHORITY LOAN TO EASTERN STATES RAILROAD
January 11, 2007

Project Funding

- Change in loan terms.
- Assignment of the loan to new rail line owner.

Project Benefits

- Provide longer term financing to enhance the operator's ability to continue to invest in rail line upgrades.
- Allow the Port Authority to transfer loan as part of the line sale to the new owner.

Staff is requesting the Commission to approve a revision in loan terms and the assignment of the Columbiana County Port Authority's $2, 098,046.63 loan with the Commission for the rehabilitation of the former Youngstown and Southern line to Eastern States Railroad.

Since the Commission first approved a $500,000 grant to assist the Columbiana County Port Authority to purchase the line from Railroad Ventures Inc. (RVI), the Ohio Rail Development Commission has been instrumental in the preservation of this rail line.

A summary of ORDC's assistance to the Youngstown and Southern Rail line includes:

- A grant in the amount of a $500,000 to assist the Columbiana County Port Authority with the original acquisition and rehabilitation of the line in 2000;
- The current loan for $2,098,046.63 million for rehabilitation;
- A grant in the amount of $75,000 for additional rehabilitation work;
- A grant for $45,000 to assist the Port Authority, Ohio and Pennsylvania Railroad and the Community of Columbiana replace a culvert; and
- Over $2 million in grade crossing safety improvements at crossings along the line.

This is the fourth request of the Commission to modify loan terms since it was approved in September 2003. The first modification, Resolution 04-15, approved by the Commission on November 18, 2004, delayed payments by three months. It was presented as a "stop-gap" measure necessitated by the bankruptcy of the original operator, the Central Columbiana and Pennsylvania Railroad (CQPA). In March 2005, the Commission approved Resolution 05-01 which further delayed payments to the loan to March 1, 2006 to provide the new operator, the Ohio and Pennsylvania Railroad, a subsidiary of the Ohio Central Railroad System, the benefit of the terms that were presented to the original operator; one year of operation principle and interest free. In January 2006, the Commission was presented with and approved another deferral to allow the Ohio and Pennsylvania opportunities to examine other funding options including the possibility of a Federal Railroad Administration RRIF loan. Since that time, the Ohio Central Railroad has decided to cease operations of the line and not assume the lease out of bankruptcy.

The primary shipper on the line, Total Waste Logistics (TWL), decided that it would form a new railroad, Eastern States Railroad (ESRR) and purchase the CQPA's rights to the line from the bankruptcy court. That process was just completed in November 2006. ESRR will purchase the rail line from the CCPA and subcontract the operations of the line with the Youngstown and Southeastern Railroad (YSRR).

On December 1, 2006, Guy Fragle from the ESRR and Tracy Drake from the CCPA met with ORDC staff and requested an additional modification of loan terms and the assignment of the loan to ESRR. After internal discussions and review, staff agreed to present this project to the Commission under the following conditions:

1. The amortization to the loan will be extended two (2) years providing ESRR with a six (6) year, 11-month amortization of the outstanding loan balance of $2,098,046.63 starting with the first payment on February 1, 2007.

2. ESRR will provide a $100,000 one time payment on February 1, 2007 in addition to the required debt service associated with the amortization above.

3. The CCPA will provide a guarantee of the first $1.2 million of the loan on a declining scale with the guarantee scheduled to expire with the December 2010 payment.

4. The primary shipper on the line, Total Waste Logistics, will guarantee the remaining $898,046.63 balance of the loan until the debt is retired.

In addition to the outstanding loan, one of the primary concerns of ORDC staff in reviewing this project was the ability of the new operator to reinvest in the line above routine maintenance. It is ORDC's understanding that YSRR will be responsible for routine, day to day maintenance on the line (i.e weed spray, track, culvert and ditch clearance and cleaning, etc.) and a continuing contract with Railroad Traffic Control for signal inspection and maintenance. YSRR will also be responsible for such things as broken rail and spot tie replacement (estimated at approximately 100 ties per year).

The YSRR currently has a Prentiss Truck with a light crane and two hi-rail trucks for maintenance and inspection. YSRR plans on acquiring a backhoe sometime next year. With regard to maintenance forces, YSRR has one track person who will function as foreman with two maintenance people to be added in the spring. YSRR and ESRR plan to contract with Wintrow Construction for larger maintenance projects.

On the finance side, ESRR will reinvest its profits back into the line. Given the experiences of the previous operators on the line, ESRR plans to rely heavily on additional funds available from the Zebra Property Fund which is controlled by Peter Hornick, an investor with a controlling interest in both TWL and ESRR. Currently, ESRR plans to rely on the Zebra fund for approximately $500,000 per year, in addition to revenues generated by the line, for reinvestment in the track infrastructure.

Given this rail line's history, staff is encouraged the primary shipper will take over the operations of the line. TWL has been consistent in its support of the line and its statements that the railroad is critical to its operation. Staff has been given verbal assurances that TWL will continue to market the line to other customers on the line.

Finally, one other outstanding issue with regard to this line is continued legal action over the ownership of line segments beginning with CCPA ownership of the line near Poland Avenue in Youngstown to the Y&S – CSX interchange track in Lowellville.

While this is of concern to staff in regard to this line, this line has been plagued with litigation even before the CCPA acquired ownership. (That acquisition, for that matter, was subject to litigation.) Because of the ongoing and uncertain nature of the legal action, staff recommends Commission move forward and approval of the modification of the loan terms and assignment of the loan to Eastern States Railroad under the conditions listed above to begin the loan repayment.

RESOLUTION 07-02

RE: COLUMBIANA COUNTY PORT AUTHORITY YOUNGSTOWN & SOUTHERN RAIL LINE REHABILITATION LOAN ASSIGNMENT OF LOAN (Amendment to Resolutions 03-18, 04-15, 05-01 & 06-01)

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE COLUMBIANA COUNTY PORT AUTHORITY UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration a modification of the provision of assistance under the Act to the Columbiana County Port Authority (the "Authority") by assigning the rights and obligations of the previously provided assistance to the Eastern States Railroad (the "Company") ; and

WHEREAS, the ORDC staff has submitted to this ORDC a modification to a prior request for assistance submitted by the Authority; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the modification to the proposed assistance will conform to the requirements of the Act and the terms of the modification to the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Authority and the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the modification to the assistance proposed to be provided under the Act to assist the Authority and the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed modification of assistance to the Authority and the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Section 3. That the ORDC hereby amends Resolution 03-18, 04-15, 05-01 & 06-01 as set forth in Exhibit A.

Moved By _____

Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	____	no	____	absent	____	abstained	____ Recused
Howard Wood for Gordon Proctor	____	yes	____	no	____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ Recused
Eric Neff for Bruce Johnson	____	yes	____	no	____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	____	no	____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	____	no	____	absent	____	abstained	____ Recused

ORDC ACTION: Motion approved ____ Other action ____
Motion denied ____ Date 1/11/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 1/11/07
James E. Betts, Chairman Date

EXHIBIT A

The modifications to the Request for Assistance are as follows:

1. Assignment of the Authority's $2,098,046.63 loan from the ORDC to the Company.

2. Extension of the amortization of the loan by two years which will provide the Company with a 6-year, 11-month amortization of the outstanding Loan balance of $2,098,046.63 beginning with the initial payment on February 1, 2007 and ending with a final payment on January 1, 2014.

3. The Company shall provide a $100,000 payment on February 1, 2007 in addition to its required debt service.

4. The Authority shall provide a guarantee the first $1.2 million of the loan, which shall decrease on a proportionate basis, as debt service is paid on the Loan until the December 2010 payment is paid.

5. Total Waste Logistics shall guarantee the $898,046.63 balance of the loan until the debt is completely retired.

6. All other terms, covenants and conditions contained in the Loan documents to be assigned shall remain in full force and effect.

WESTCO Sugar Creek Bridge Replacement
Project Briefing

January 3, 2007

Project Costs		Project Benefits
*** ORDC Grant, FY 2007**	**$150,000**	*** Raises Speed of I&ORY Operations**
*** ORDC Grant, Reprogrammed**	**$57,000**	*** 14 WESTCO Rail Users Need Bridge**
*** ORDC Loan**	**Up To $513,000**	*** I&O Needs Bridge as Part of Through Route**
*** WESTCO Funds**	**$60,000**	*** "Super Site" Located Just West of Bridge**
*** I&O Detour Costs**	**$200,000+/-**	

INTRODUCTION

The West Central Ohio Port Authority (WESTCO) requests grant funding of $207,000 and loan funding of $513,000 to pay the up to $720,000 in costs for the replacement of the WESTCO owned Sugar Creek Bridge (Bridge #224.7) in Fayette County. ORDC staff recommends providing both grant and loan funding. ORDC's Executive Director has sent a letter to WESTCO committing ORDC to provide these grant and loan funds contingent upon Commissioners' formal approval.

ORDC grant funding would come from two sources. $150,000 of the grant funding would come from ORDC's FY 2007 GRF budget. The remaining $57,000 would be reprogrammed FY 2004 funds left over from the WESTCO Upper Valley Pike Bridge project. ORDC's Executive Director wrote in his commitment letter to WESTCO that the loan would be for seven years with interest in years one and two being 0%, and interest in years three through seven being 2/3 of the prime rate at the time of Commission approval, or at loan closing, whichever is less. Staff recommends that the final terms and conditions of the loan and the collateral be determined by the Executive Director.

BACKGROUND

I&ORY Operations over the Sugar Creek Bridge: The Sugar Creek Bridge is located at MP 224.7 (just east of the I -71 bridge over the WESTCO line) on the WESTCO owned Springfield (MP 202.7) to Washington Court House (MP 229.8) rail line. The Indiana & Ohio Railway (I&ORY) is the contract operator of the line. In total, WESTCO owns 94.4 miles of railroad including sidings, yards, and industrial lead tracks) on lines between Springfield and Washington Court House, Springfield and Bellefontaine, and Springfield and Mechanicsburg. I&ORY is the contract operator for all WESTCO lines. A map of WESTCO owned lines is included as Exhibit "A".

The I&ORY is part of the RailAmerica system of railroads which reaches, among other places, Detroit (Canadian National/Illinois Central (CNIC)), Cincinnati (CSX and Norfolk Southern) and Hammond, Indiana (near Chicago) where it connects to western railroads (Union Pacific, BNSF, CNIC, and Canadian Pacific) through the Indiana Harbor Belt terminal railroad. A map of the RailAmerica "Heartland Region" is included as Exhibit "B".

The Sugar Creek Bridge is important to all WESTCO rail users, i.e. eight industrial and six agricultural businesses. Much of the rail traffic interchanged with CSX now generated by the current WESTCO rail users travels through WESTCO's Washington Court House gateway The I&ORY uses its own line from Washington Court House to Cincinnati to access CSX' Queensgate classification yard in Cincinnati with WESTCO traffic. WESTCO rail users generate about 7,000 carloads of rail freight annually.

In addition, the Sugar Creek Bridge is often part of a major north-south I&ORY route from the Detroit area to Cincinnati. The I&ORY can access Cincinnati either by using its trackage rights over Norfolk Southern between Springfield and Cincinnati, or by using its own Springfield to Washington Court House to Cincinnati route. Basically, the Washington Court House route provides I&ORY an overflow route when the NS Springfield to Cincinnati line is congested. I&ORY used the Washington Court House alternative for 4,641 carloads of traffic to and from Cincinnati in 2005. New agreements between NS and I&ORY may reduce the I&ORY's dependence on the Washington Court House alternative route to Cincinnati.

Sugar Creek Bridge Conditions: The Sugar Creek Bridge is a 122 foot long wooden structure consisting of 10 sets of wooden bents which support wooden beams. In 2005, the annual WESTCO/I&ORY bridge inspection noted that the bridge had developed problems which would need to be addressed within three years. The 2006 inspection recommended that the bridge either be repaired or replaced as soon as possible. I&ORY operates over the bridge under a 10 MPY slow order. WESTCO's consulting engineers projected that the repair costs would be comparable to the costs of building a new bridge. WESTCO decided to pursue bridge replacement. WESTCO engineers have designed a new bridge with four steel piers and steel beams.

PROJECT DESCRIPTION

WESTCO has started a competitive bid process to select a contractor to build a new steel bridge over Sugar Creek. The bridge has been designed to meet a Coopers E-80 rating, the standard rating for the rail industry. WESTCO's engineers estimate that the bridge replacement costs will be as follows:

Sugar Creek Bridge Replacement Costs

Design	**$60,000**
Construction	**$560,000**
Construction Inspection	**$60,000**
Total	**$680,000**

A copy of the engineer's cost estimate is provided as Exhibit "C". Because WESTCO has not yet received the project bids, WESTCO requested that ORDC be prepared to provide up to $100,000 in funding beyond the engineer's estimate. In the event that the project does not require this extra funding, ORDC would lower its loan amount for the project. ORDC funds would go toward construction and inspection. WESTCO is paying for the design engineering. ORDC has been provided the bridge plans and the bid package. Bids are to be opened on January 17, 2007 and construction is planned for this summer. WESTCO would own the bridge. I&ORY would be responsible for normal maintenance. WESTCO would be responsible for capital improvements. The lifespan of the new bridge would be 75 years.

Although I&ORY is not contributing directly to bridge construction costs, it is still making a significant contribution to the project. To keep project costs down, the Sugar Creek Bridge will be closed to rail traffic for 30 to 60 days reducing significantly the amount of work the bridge contractor would need to do when compared to building a bridge with rail traffic maintained during construction. In order to close the line down, I&ORY must detour traffic over a less efficient routing incurring extra trackage rights and operating expenses. I&ORY estimates that the detour costs could exceed $200,000. Detour costs could be considered as part of total bridge repair costs.

WHY ORDC FUNDING IS NEEDED

WESTCO cannot obtain financing from the State Infrastructure Bank due to the timing of the project. SIB requirements for project development preclude action this year. Private financing of the bridge would severely limit WESTCO's ability to continue the financing of other needed capital projects for its lines, especially in

light of WESTCO's current debt service for capital projects which will not be paid off until 2009. ORDC funding is needed for the bridge project to move forward this year and to maintain WESTCO's ability to fund other needed rail projects in upcoming years.

PROJECT BENEFITS

- Maintains effective CSX interchange for WESTCO rail users.
- Maintains effective alternative Detroit – Cincinnati route for I&ORY.
- The WESTCO line and bridge in question serves a 2,000+ acre site which was one of Ohio's final sites for the recent Honda plant selection process. The Ohio Department of Development is helping to promote the site under its Job Ready Site Program and has taken out an option to acquire 1,000 acres for future industrial development.
- A 10 MPH slow order would be removed and train speeds of 40 MPH would be readily achievable.
- A new fertilizer plant is being built along the Springfield to Washington Court House line which will generate hundreds of new carloads which will need to traverse the bridge.

OTHER CONTRIBUTIONS

In addition to the $60,000 in engineering costs WESTCO is providing, and the approximately $200,000 in costs the I&ORY will cover to detour traffic while the Sugar Creek Bridge is out of service, both WESTCO rail users and the I&ORY will provide the funds to repay the up to $513,000 in loan financing ORDC would provide. All WESTCO rail users pay WESTCO a per car charge for every carload of freight they generate. In addition, I&ORY pays WESTCO an annual lease fee, as well as trackage rights fees for overhead traffic. These I&ORY payments are in addition to I&ORY's responsibility to provide normal maintenance on the WESTCO lines. In addition, Fayette County has agreed to be very helpful with the Sugar Creek Bridge Project. The County will allow a nearby road to be closed to facilitate the staging of the bridge work.

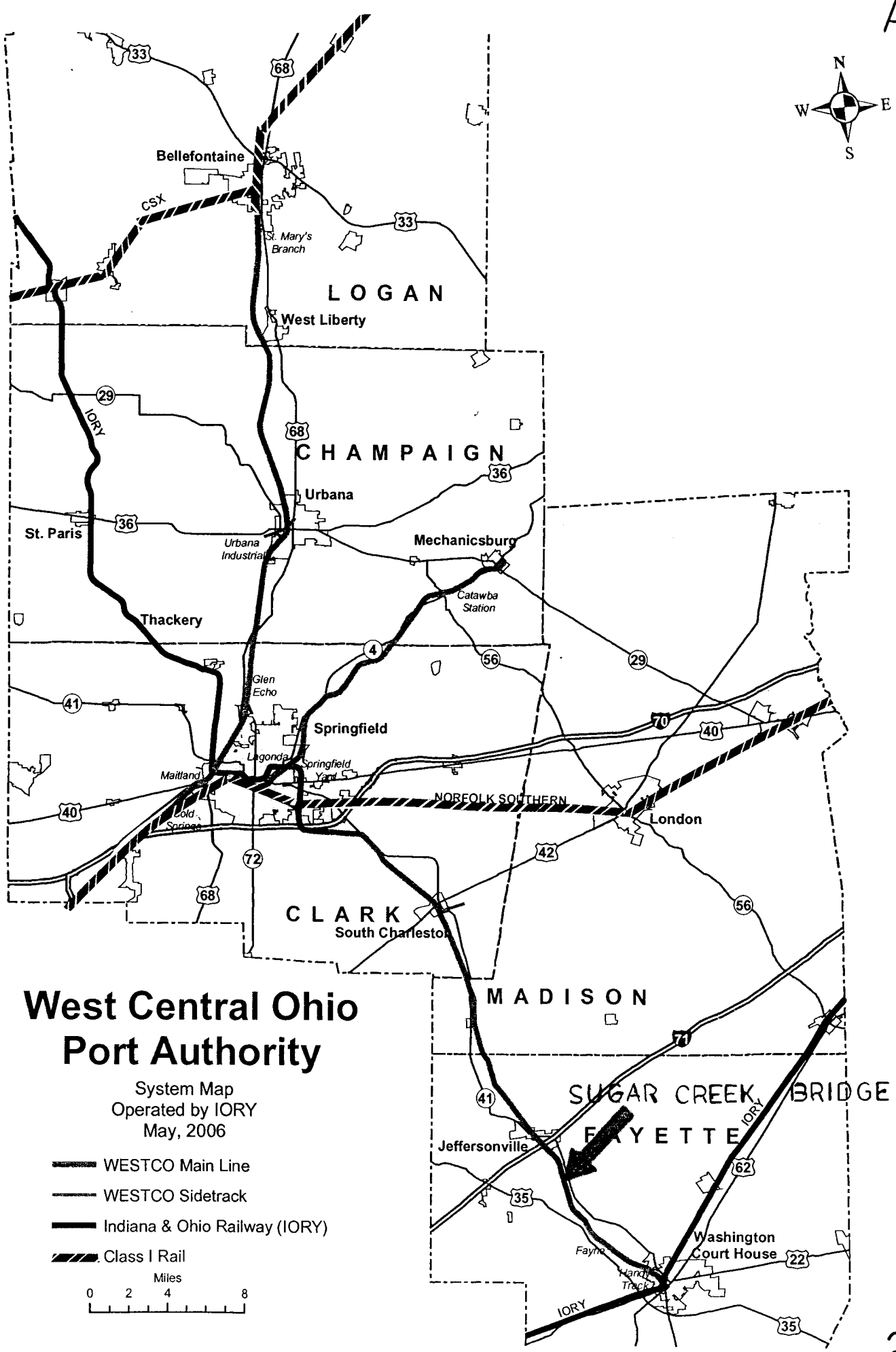
SPECIAL CONTINGENCIES

ORDC will be providing WESTCO with $57,000 in FY 2004 funds for the Sugar Creek Bridge project. These funds are left over from the $400,000 ORDC approved for WESTCO's $2.1 million Upper Valley Pike Bridge replacement project. ORDC's Resolution O3 – 16 which provided ORDC funds for the Upper Valley Pike Bridge stipulated:

"It is understood that the total cost of the Rail Service Project may be less than the projected $2.1 million cost. If actual costs are less, the $2.1 million estimate, minus the actual cost of the Rail Service Project, shall be called the Project Cost Savings. ORDC shall reduce its grant for the Rail Service Project by 19 % (nineteen percent) of the Project Cost Savings and this amount shall be called the ORDC Cost Savings. ORDC, at its discretion, may spend the ORDC Cost Savings on rail projects on Authority owned property, or any rail line in Ohio, under ORDC's normal project guidelines."

ORDC staff believes that the Sugar Creek Bridge Project is an appropriate use of the left over Upper Valley Pike Bridge funds.

Staff recommends that the Executive Director be empowered by Commissioners to determine the final terms and conditions of the loan and the collateral which will back the loan. WESTCO is working with Fayette County to determine if the County can back the loan.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Mechanicsburg
Catawba Station
Thackery
Glen Echo
Springfield
Legonda
Springfield Yard
Maitland
NORFOLK SOUTHERN
London
Cold Springs
CLARK
South Charleston
MADISON
SUGAR CREEK BRIDGE
FAYETTE
Jeffersonville
Fayne
Washington Court House
Handy Track
IORY
West Central Ohio Port Authority
System Map
Operated by IORY
May, 2006
WESTCO Main Line
WESTCO Sidetrack
Indiana & Ohio Railway (IORY)
Class I Rail
Miles
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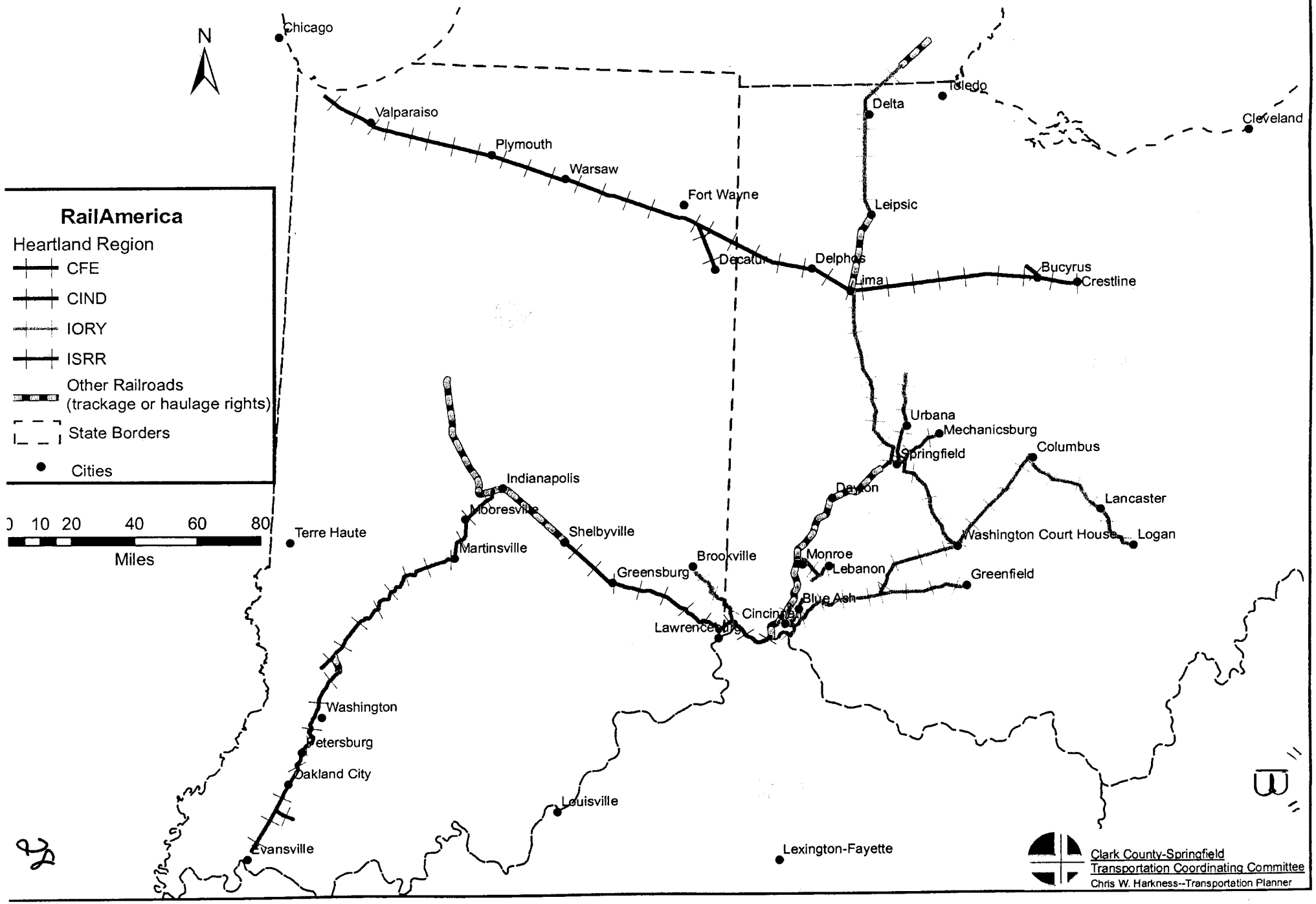
RailAmerica Railroads of the Heartland Region



"C"

ENGINEERS ESTIMATE OF PROBABLE CONSTRUCTION COST
WESTCO SUGAR CREEK BRIDGE #224.7

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL EXTENDED PRICE
100	SPECIAL - PREMIUM ON RAILROADS' PROTECTIVE PUBLIC LIABILITY AND PROPERTY DAMAGE LIABILITY INSURANCE	LUMP		$ 10,000.00	$ 10,000
201	CLEARING AND GRUBBING	LUMP		$ 5,000.00	$ 5,000
202	PORTIONS OF STRUCTURE REMOVED, OVER 20 FOOT SPAN, AS PER PLAN	LUMP		$ 40,000.00	$ 40,000
203	EXCAVATION	4	CU YD	$ 20.00	$ 80
203	EMBANKMENT	2	CU YD	$ 20.00	$ 40
503	COFFERDAMS, CRIBS, AND SHEETING	LUMP		$ 10,000.00	$ 10,000
503	UNCLASSIFIED EXCAVATION, AS PER PLAN	LUMP		$ 4,000.00	$ 4,000
505	PILE DRIVING EQUIPMENT MOBILIZATION	LUMP		$ 10,000.00	$ 10,000
507	STEEL PILES HP12X74, FURNISHED, AS PER PLAN	1685	FT	$ 29.00	$ 48,865
507	STEEL PILES HP12X74, DRIVEN	1575	FT	$ 30.00	$ 47,250
507	STEEL POINTS OR SHOES	22	EACH	$ 110.00	$ 2,420
509	REINFORCING STEEL	2766	POUND	$ 1.00	$ 2,766
511	CLASS C CONCRETE, ABUTMENT INCLUDING FOOTING	21	CU YD	$ 700.00	$ 14,700
512	SEALING OF CONCRETE STRUCTURES (EPOXY-URETHANE)	52	SQ YD	$ 15.00	$ 780
513	STRUCTURAL STEEL MEMBERS, LEVEL 3	107427	POUND	$ 1.75	$ 187,997
516	BEARING DEVICE, MISC.:	8	EACH	$ 2,000.00	$ 16,000
614	MAINTAINING TRAFFIC	LUMP		$ 5,000.00	$ 5,000
619	FIELD OFFICE, TYPE A	3	MONTH	$ 1,400.00	$ 4,200
623	CONSTRUCTION LAYOUT STAKES	LUMP		$ 2,000.00	$ 2,000
624	MOBILIZATION	LUMP		$ 20,000.00	$ 20,000
659	SEEDING AND MULCHING	860	SQ YD	$ 1.00	$ 860
659	INTER-SEEDING	50	SQ YD	$ 2.00	$ 100
659	COMMERCIAL FERTILIZER	0.1	TON	$ 420.00	$ 42
659	LIME	0.2	ACRE	$ 71.00	$ 14
659	WATER	5	M GAL	$ 80.00	$ 400
SPEC	MAINLINE TRACK CONSTRUCTION, AS PER PLAN	LUMP		$ 35,000.00	$ 35,000
SPEC	EROSION CONTROL, AS PER PLAN	LUMP		$ 1,000.00	$ 1,000
TOTAL INCLUDING 10% CONTINGENCY					$ 520,000
BID ALTERNATE 1 ACCELERATION					$ 30,000
DP&L OVERHEAD UTILITY RELOCATION					$ 10,000
CONSTRUCTION ENGINEERING AND OBSERVATION					$ 60,000
ENGINEER'S ESTIMATE OF PROBABLE PROJECT COST					**$ 620,000**

Jones-Stuckey Ltd., Inc. 1/2/2007 J. Mischler

RESOLUTION 07-03

Re: West Central Ohio Port Authority Sugar Creek Bridge Replacement Project Loan & Grant

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO THE WEST CENTRAL OHIO PORT AUTHORITY ("AUTHORITY") UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration of the provision of assistance under the Act to the West Central Ohio Port Authority (the "Authority"); and

WHEREAS, the ORDC staff has submitted to this ORDC the request for assistance submitted by the Authority; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act, and the terms of the proposed assistance; and

WHEREAS, this ORDC has reviewed such submissions and has discussed with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, this ORDC has determined that the provision of assistance to the Authority, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

James E. Betts, Chair	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Howard Wood for Gordon Proctor	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Barbara Hammontree Bennett	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Eric Neff for Bruce Johnson	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Solomon Jackson	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Thomas McOwen	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Larry Sowers	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Herk Wolfe	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Dan Roberts	____	yes	_____	no	_____	absent	____	abstained	____ Recused
Jim Hartung	____	yes	_____	no	_____	absent	____	abstained	____ Recused

COMMISSION ACTION: Motion approved ___ Other action _____
Motion denied ___ Date 1/11/07

CERTIFICATE

I, the undersigned Chairman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 1/11/07
James E. Betts, Chairman Date

EXHIBIT A

A grant to the Authority pursuant to Section 4981.032 of the Ohio Revised Code in the amount up to Two Hundred Seven Thousand Dollars ($207,000) (the "ORDC Grant") and a loan in an amount of up to Five Hundred Thirteen Thousand Dollars ($513,000) (the "ORDC Loan") to construct the Rail Service Project as defined herein. The ORDC Grant and ORDC Loan shall be used to construct a steel bridge with a Coopers E-80 rating over Sugar Creek (Bridge #224.7 in Fayette County) at MP 224.7 (just east of the I -71 bridge over the Authority rail line) on the Authority owned Springfield (MP 202.7) to Washington Court House (MP 229.8) rail line .The terms of the ORDC Loan shall be determined by the Acting Executive Director of ORDC.

The ORDC Grant and Loan are subject to the following condition:

1. The Authority must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending the ORDC Grant and ORDC Loan.

2 The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

APPROVED PROJECT BRIEFING
CLEVELAND COMMERCIAL RAILROAD EMERGENCY TRACK IMPROVEMENTS

January 3, 2007

Project Costs		Project Benefits
* ORDC Grant	$55,000	* Reduces Derailment Expenses
* CCR Investment	Up To $90,000	* Improves Safety for Winter & Spring
		* Improves Service to Shippers

INTRODUCTION

The Cleveland Commercial Railroad Company, LLC (CCR) requested and ORDC's Chairman and Executive Director approved a grant of up to $55,000, or 50% of total project costs, whatever is less, to make improvements including tie replacement, one crossing surface improvement, 600 ft. of ditching, and related work on CCR's Glenwillow to Cleveland line between MP 7.0 and MP 14.8.

BACKGROUND

On July 1, 2004, CCR took over operations of the 10. 4 mile long Wheeling & Lake Erie Railway (W&LE) rail line from Glenwillow (MP 15.5), near Solon, through Bedford and Maple Heights to the east side of Cleveland (MP 5.1). The Connotton Valley Railroad had previously operated the line for W&LE from October, 2002 to June of 2004. W&LE continues to own the line and lease it to the CCR which is responsible for maintenance and operations. A map of the CCR operated line is included as Exhibit "A".

CCR serves two major scrap yards daily, providing inbound carloads of scrap to Weingold Scrap and Ferrous Metal Processing located at the north end of the line in Cleveland. CCR also serves Bluff City, a steel processor located at approximately MP 10.2, which slits and pickles coils of steel. CCR provides inbound coils. The line generates about 2,400 carloads of traffic per year. CCR interchanges all traffic with W&LE at the yard CCR and W&LE share in Glenwillow. The current traffic levels represent a dramatic increase in traffic compared to carloadings along the line when W&LE and Connotton Valley operated the line. In the last year of W&LE operations on the line in 2002, the line generated 412 carloads of freight. In 2003 the line generated 1,320 carloads for the Connotton Valley.

The Glenwillow to Cleveland line is generally in fair to poor condition. It has well worn 110 lb. rail which was installed about 1940. The line has several areas at the south end where the track is close to Tinkers Creek which results in unstable conditions for the track structure and areas where ties continually pump mud. CCR estimates that to get the line to minimum FRA Class I standards will require up to $250,000 (including the project described herein).

ORDC helped CCR in 2005 with a $40,000 grant to repair yard switches at the north end of the line, and a $16,600 loan to pay for electric power for a locomotive hot start system. In addition, ORDC provided CCR a grant of $56,510 in the summer of 2006 to repair a passing track and make other repairs at the north end of its line near the two scrap metal companies.

CCR is a very small operation, with the three owners of the operation also doing the vast majority of work on the line, both the management of the operations, and running trains and switching cars in and out for customers. CCR has one employee outside of the three owners. CCR contracts out all track work and has no in house track maintenance capabilities.

CCR is a marginally profitable operation at present. With the strong existing traffic base, and good prospects for more new traffic, ORDC staff expects that in the long run CCR should be able to continually improve and maintain its track. However, the CCR is now dealing with increasing carloadings on a line which has suffered from deferred maintenance. The result has been increasing derailments. CCR reports that it was straddled with approximately $100,000 in derailment expenses during the Spring of 2006, much of it at the E. 93 Street Yard which ORDC helped to repair this past summer.

PROJECT DESCRIPTION

CCR is in the process of performing the following work between MP 7 and MP 14.8: 1) installing approximately 1,200 ties; 2) repairing a crossing at MP 12.6; 3) performing 600 ft. of ditching at MP 12.6; and 4) other related work between MP 7 and MP 14.8. ORDC provided a "go forward" letter so that work could start expeditiously. CCR is shutting down its rail operations for a short time to enable its contractor to work more efficiently, and more cost effectively. ORDC staff considers the project to be an emergency project to forestall derailments when the spring thaw and wet weather hit. CCR is using its continuing contract with a local contractor to perform the work. CCR will be responsible for track maintenance.

WHY ORDC FUNDING IS NEEDED

ORDC is funding the MP 7 to MP 14.8 improvements to enable CCR have safe operations in the winter and spring of 2007. As a start up operation, CCR is still having some difficulties with cash flow.

PROJECT BENEFITS

The ORDC funded track improvements will:

- Help reduce CCR derailment expenses enabling CCR to invest more in track upgrades.
- Help CCR continue to provide reliable service to Weingold Scrap, Ferrous Metals, and Bluff City Metal Processing.
- Help enhance safety of CCR operations.

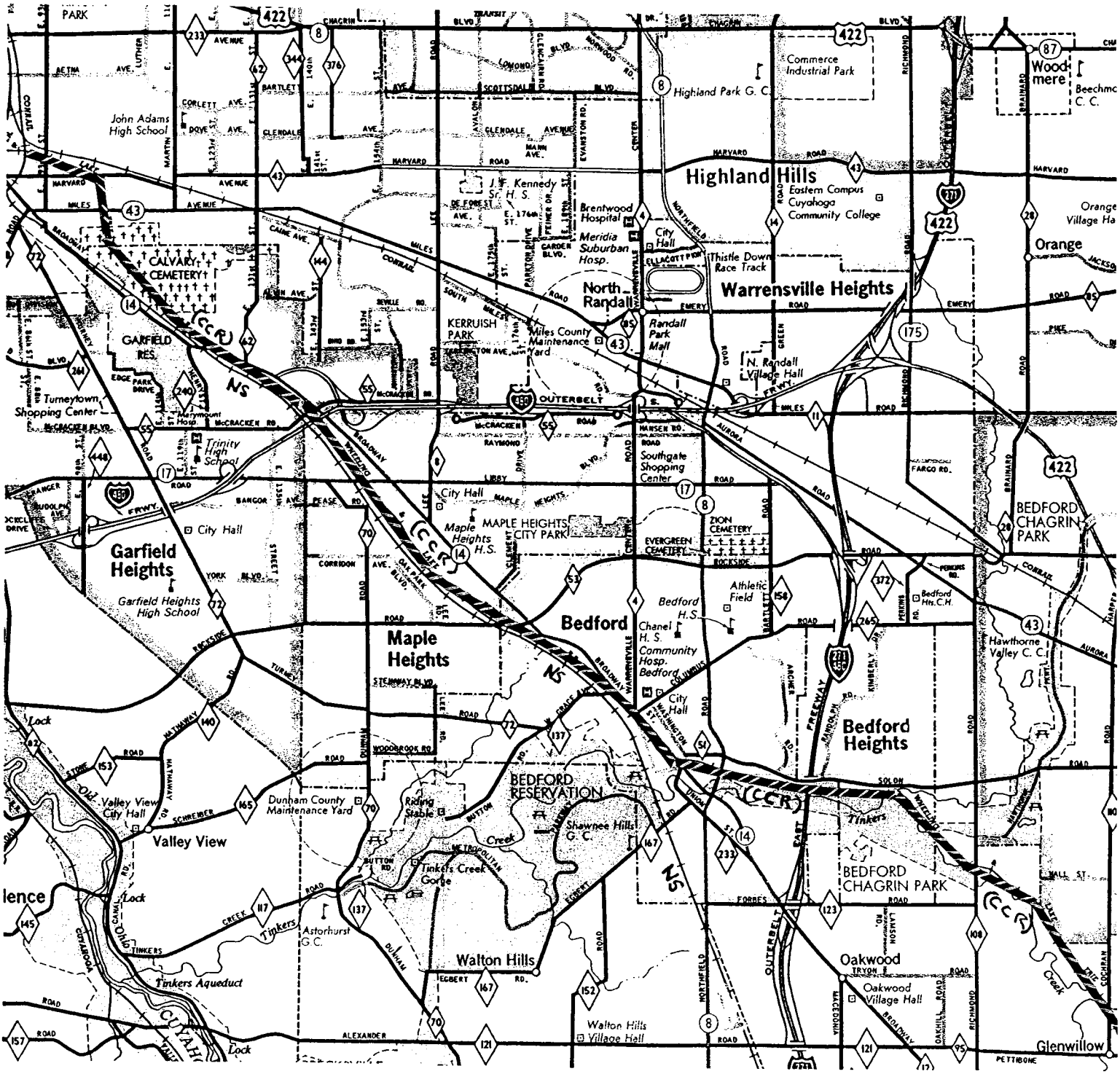
OTHER CONTRIBUTIONS

CCR will expend up to $90,000 to match ORDC's grant and will continue to invest in track improvements needed to raise the track condition of the entire Glenwillow to Cleveland line to FRA Class I conditions.

SPECIAL CONTINGENCIES

CCR has committed to bringing its entire 10.4 mile mainline track up to FRA Class I conditions. To achieve this Class I level of track will require CCR to invest between $25,000 and $50,000 in calendar year 2007 in addition to the work now ongoing. More investment in track will be needed to further improve the long term operations. ORDC staff has indicated a willingness to investigate loaning CCR funds to further upgrade track.

"A"



CLEVELAND COMMERCIAL RR (CCR)

Ohio Rail Development Commission

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January 2, 2007

Pursuant to Ohio Rail Development Commission Resolution 99-15 "Spending and Signatory Guidelines," the undersigned hereby approves of the project described in the Approved Project Briefing entitled **CLEVELAND COMMERCIAL RAILROAD TRACK IMPROVEMENTS** and dated October 11, 2006 as described in that briefing.

Matthew R. Dietrich
Acting Executive Director

James E. Betts
Chairman